

Perpetual Investment Funds

PERPETUAL DIVERSIFIED INCOME FUND

March 2026

FUND FACTS

Investment objective: Aims to provide regular income and consistent returns above the Bloomberg AusBond Bank Bill Index (before fees and taxes) over rolling three-year periods by investing in a diverse range of income generating assets.

Benchmark: Bloomberg AusBond Bank Bill Index**
Inception date: October 2005
Size of fund: \$2,424.1 million as at 31 December 2025
APIR: PER0260AU
Mgmt Fee: 0.59% pa*
Benchmark Yield: 4.117% as at 31 March 2026
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Provides investors with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed, highly diversified and liquid investment.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

TOTAL RETURNS % (AFTER FEES) AS AT 31 March 2026

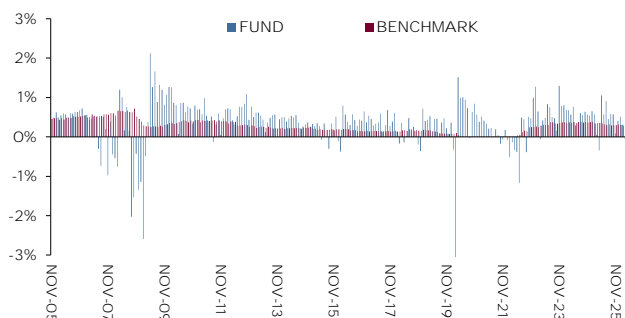
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Diversified Income Fund	-0.05	0.78	1.85	5.18	5.75	6.54	4.44	4.15	4.45
Bloomberg AusBond Bank Bill Index**	0.32	0.91	1.82	3.80	4.13	4.15	2.89	2.25	3.34

Please note: Performance for Perpetual's complete list of investment funds is available on www.perpetual.com.au. Past performance is not indicative of future performance.

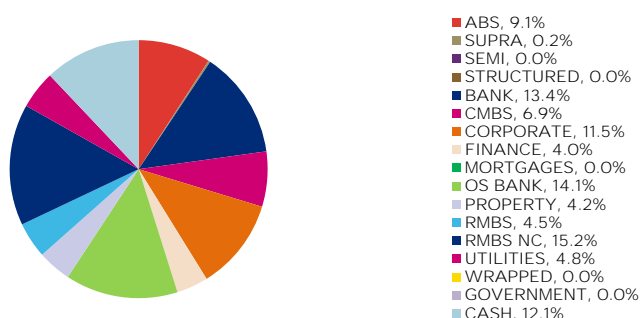
POINTS OF INTEREST

- War in Iran and rising oil prices contribute to market volatility;
- Credit spreads widen on geopolitical, inflation and growth concerns;
- RBA raises rates; bond yields rise along the curve;
- New issuance disrupted; securitisation volumes resilient
- The credit outlook is negative.

MONTHLY PERFORMANCE SINCE INCEPTION



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	43.30%
Subordinated Debt	38.14%
Hybrid Debt	18.55%
Core Component	96.26%
Plus Component	3.74%
% Geared	0.00%
Running Yield [#]	5.50%
Portfolio Weighted Average Life	3.32 yrs
No. Securities	170

* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

March proved a challenging month for Australian fixed income, as geopolitical turmoil in the Middle East dominated sentiment and forced a significant repricing of the rate outlook. The US-Israel conflict with Iran effectively closed the Strait of Hormuz — a chokepoint for roughly 20% of global oil supply — sending oil prices sharply higher and reigniting stagflation concerns. The war created volatility across energy, rates, equities and credit markets as inflation was re-priced, as was central bank paths and recession risks.

Against this backdrop, the RBA delivered a 0.25% rate hike, albeit on a narrow 5–4 vote, reinforcing its view that the economy has been running above potential and that inflation remains uncomfortably elevated. The decision was framed as a response to pre-existing domestic inflationary pressures rather than the oil shock directly, though the two are difficult to disentangle. Australian government bond yields moved sharply higher across the curve. Market pricing for the end-2026 cash rate peaked near 4.8% — around 2.5 additional hikes — up sharply from February's close. With Q1 CPI due ahead of the May RBA meeting — where markets are currently pricing a 60% probability of another hike to 4.35% — volatility looks set to persist into April.

Domestic credit spreads widened materially over the month reflecting uncertain economic and geopolitical conditions alongside rising concerns around the private credit sector. Higher beta sectors including subordinated major banks widened more sharply.

Primary market issuance paused briefly following the commencement of strikes in Iran before resuming albeit at a lower volume than previous months. Securitisation activity dominated deal flow, contributing to pressure on spreads as the market digested robust volumes in an uncertain economic climate.

PORTFOLIO COMMENTARY

Income return remained a key contributing factor to performance over the period. Despite a healthy cash allocation, the Fund retains a yield premium above benchmark, attributable primarily to RMBS and offshore bank allocations. The Portfolio's running yield was 5.0% at month end, with the spread (credit yield premium) measured at 1.2%.

Duration and curve positioning detracted from relative performance during the Month. The Fund maintained its long duration position throughout December, positioning which detracted as bond yields continued to rise as markets priced in an increasingly hawkish monetary policy outlook. Manager sees government bond yields as offering attractive relative value and the Fund retains its long duration position utilising government bonds futures and fixed rate state government bonds. The Fund continued to increase its allocation to fixed rate bonds, to lock in elevated yields.

Spread dynamics were constructive for performance over the month, more than offsetting the impact of rising bond yields. Although Australian Dollar denominated spreads traded in a tight range throughout the month, the Fund benefitted from exposure to offshore markets with allocation to USD denominated bank hybrids performing very well. A USD denominated fixed rate bond from Santos also benefitted from tightening USD spreads. Elsewhere, semi government spreads contracted contributing marginally to performance and the Manager elected to reduce the position. In line with the improving credit outlook, the Manager removed credit protection, closing the short position in the iTraxx crossover CDS index during the month.

The Fund selectively increased credit risk, removing CDS protection and increasing allocation to BBB rated bonds. The Manager also elected to move down the capital structure, increasing exposure to hybrids. Sector allocations were adjusted with the Fund increasing its exposure to non-financial corporates, offshore banks and utilities during the month.

The outlook improved over the month to end the year in neutral territory. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities and attractively priced issues as the outlook continues to improve.

OUTLOOK

The credit outlook declined in March to end the month with a strong negative reading.

Valuation indicators neutral despite spread widening across AU investment grade, US Investment Grade and US High Yield. The disruption of primary markets as a result of the war in Iran and associated uncertainty saw decline in opportunistic issuance. AUD credit is still offering reasonable relative value.

The ongoing Middle East conflict remains the key driver of the macroeconomic outlook. Even if traffic through the Strait of Hormuz normalizes, damage to production infrastructure is expected to limit supply recovery and sustained high oil prices will slow global growth. The ratio of upgrades to downgrades remains in positive territory despite the uncertain economic and monetary policy outlook.

Market demand has been impacted by the geopolitical volatility with persistent selling observed and buyers predominantly active at discounted levels with bid depth inconsistent. Year to date issuance remains elevated despite the easing observed in March.

Technical indicators have worsened contributing to the negative credit outlook. While cash balances among real money accounts have increased and dealer inventories remain neutral, US credit, Equity and Equity volatility indicators are all marginally negative.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Group means Perpetual Trustees Australia Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry or exit fees or taxation (except in the case of superannuation funds, as applicable).

Past performance is not indicative of future performance.

** UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

MORE INFORMATION

Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpms.mufg.com

www.perpetual.com.au

